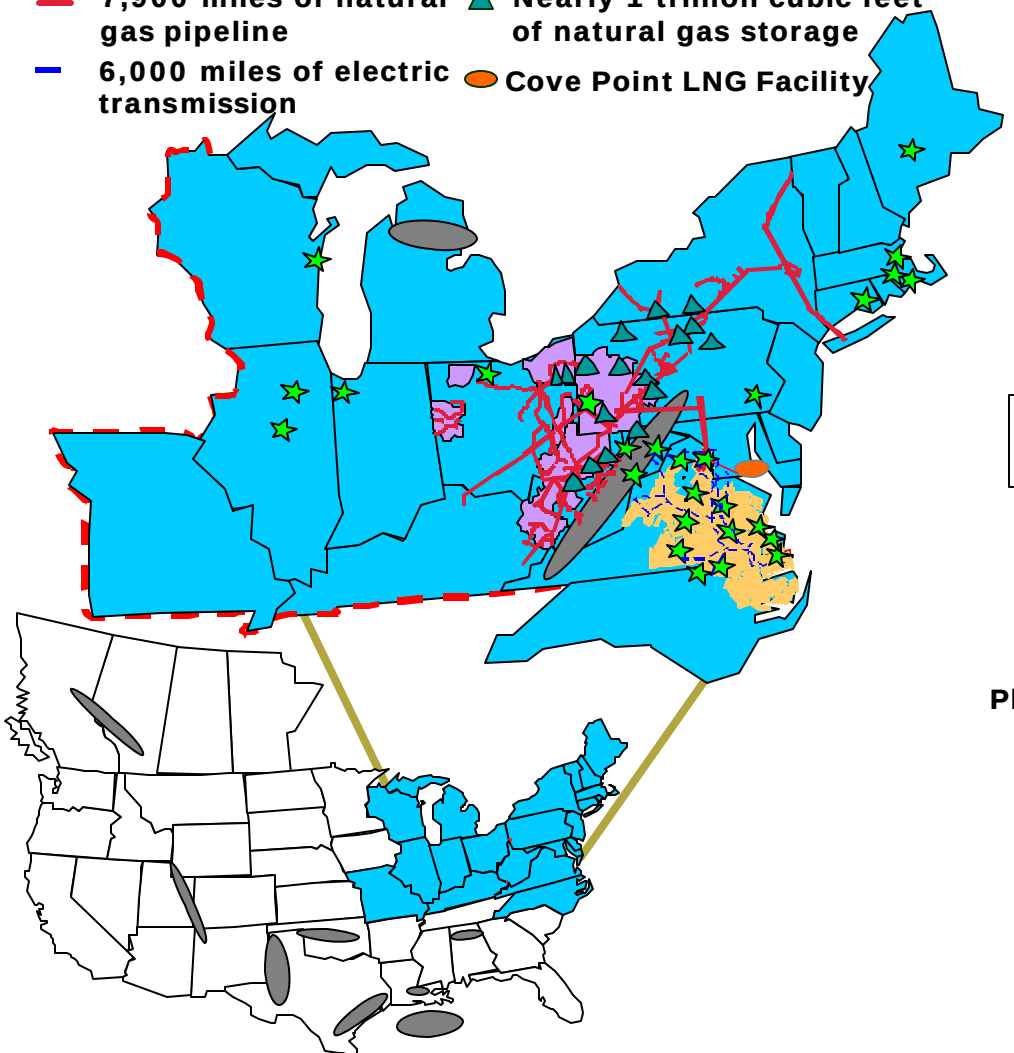
LNG: COMING TO A SHORE NEAR YOU?

The Dominion Integrated Enterprise Serves the World's 3rd Largest Economy

Transportation

- 7,900 miles of natural gas pipeline
- 6,000 miles of electric transmission
- Nearly 1 trillion cubic feet of natural gas storage
- Cove Point LNG Facility



Manufacturing

- ~6 trillion cubic feet equivalent of proved gas and oil reserves
- Approximately 1.2 billion cubic feet equivalent of daily production
- ~ 28,100 Mw of electric generation

Retail

- 4 million franchise gas and electric delivery customers in 5 states
- Plus 1.2 million unregulated retail energy customers in 9 states

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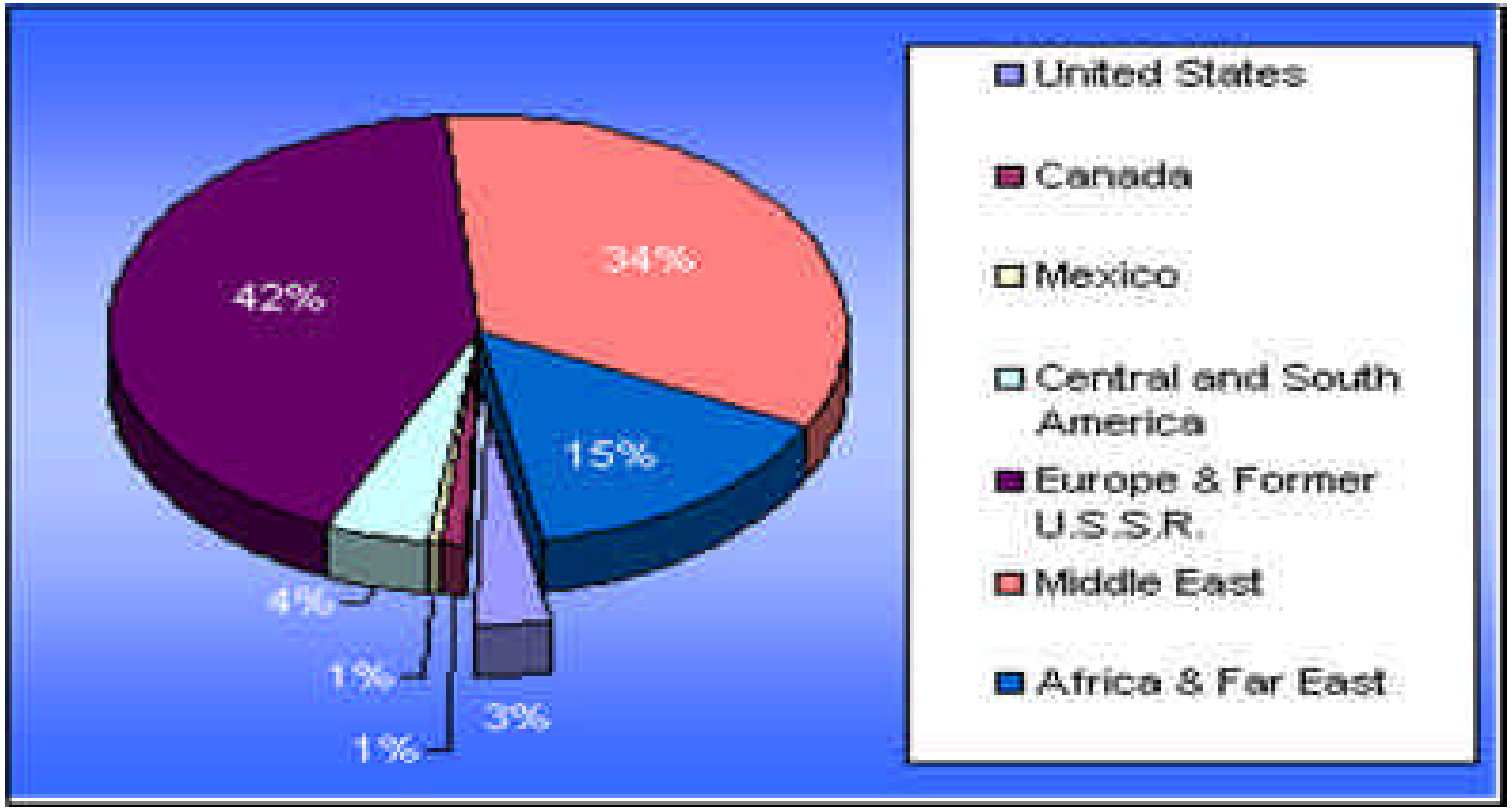
Why LNG?



World Natural Gas Reserves - Jan 1, 2000
Source: International Energy Annual 1999 - EIA

What is LNG?

LNG is natural gas in its liquid form

*** LNG is the liquid form of the same natural gas 60 million U.S. consumers use daily to heat and cool their homes; that industry uses; and that is used for electric power generation**

*** LNG is not new -- it has been safely and securely transported and used for over 40 years**

*** Natural gas is converted to LNG by cooling to -260º F**

*** LNG is 1/600th the volume of gas, allowing for more efficient and economic transportation**

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LNG Characteristics

* **Odorless, non-toxic and non-corrosive**
* **Less dense than water -- evaporates if spilled**
* **LNG vapors are more difficult to ignite than other common fuels**
* **LNG is not under pressure for shipping and storage**
* **LNG spills would not pollute land or water**

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LNG -- Bringing it to market

* **Natural gas is produced in countries that have vast supplies of gas with little demand**
* **The gas is condensed to a liquid and transported overseas by ship**
* **When it reaches the receiving terminal, LNG is re-gasified and is distributed via pipeline as ordinary natural gas**

Upon reaching the receiving terminal, LNG is turned back into a gas and sent out via pipelines as ordinary natural gas.

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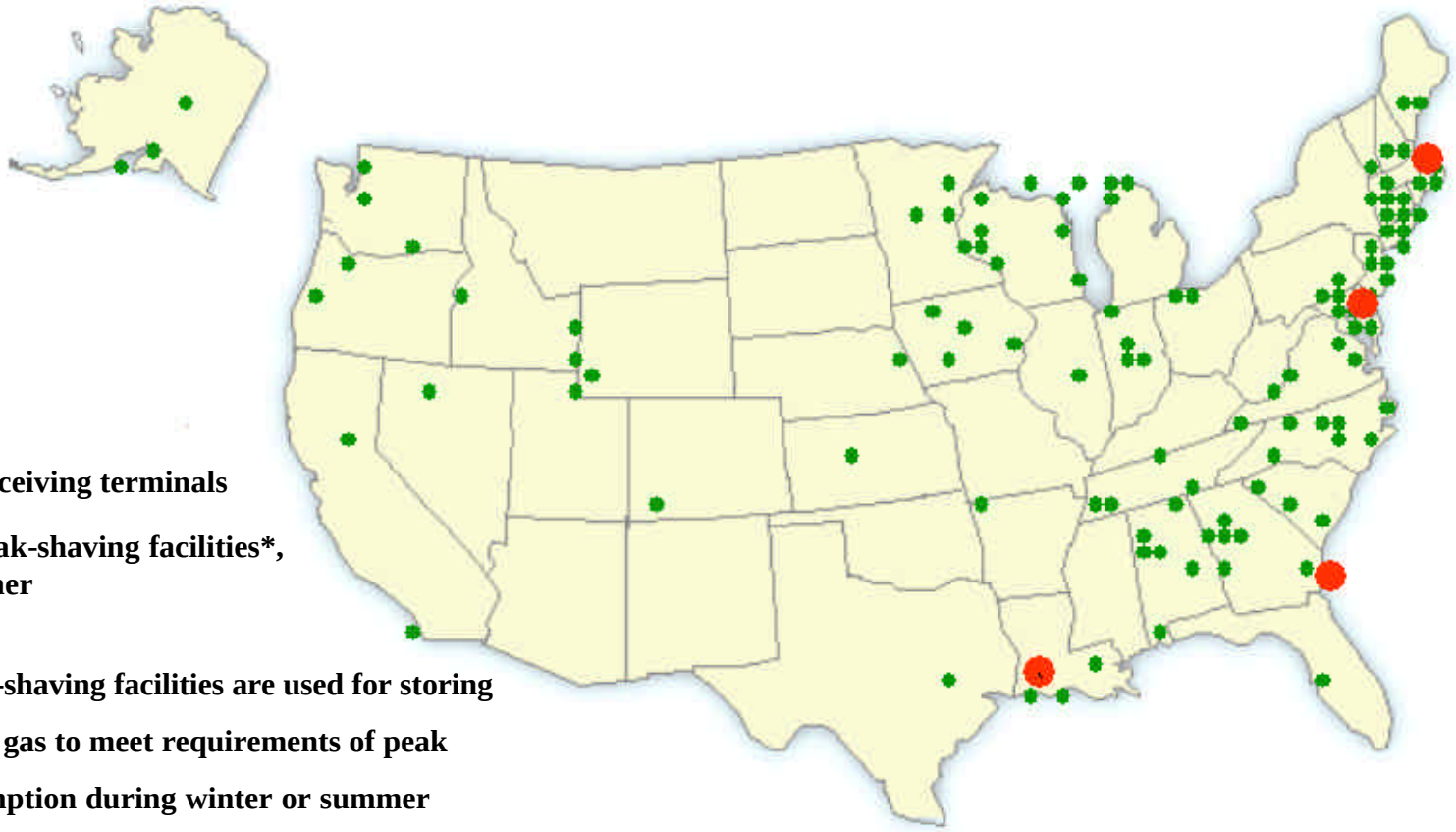
LNG -- long, safe history in U.S



Receiving terminals

Peak-shaving facilities*, other

*** Peak-shaving facilities are used for storing surplus gas to meet requirements of peak consumption during winter or summer**

There are over 100 LNG peak-shaving, production, transport and storage facilities across the country. Only five of those are receiving terminals.

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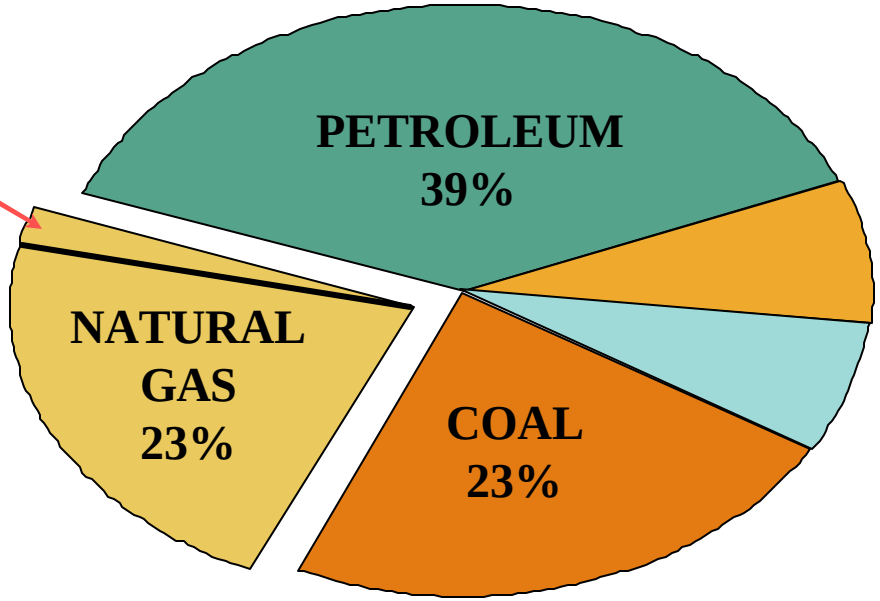
Natural Gas -- key to U.S. energy mix

Average Annual U.S. Energy Use

LNG is 2.5% of the Natural Gas Supply



- 90 percent of recently constructed power plants are fueled by natural gas
- Over the past decade, consumption of natural gas grew 25 percent faster than overall energy use

Source: EIA - Annual Energy Outlook 2005

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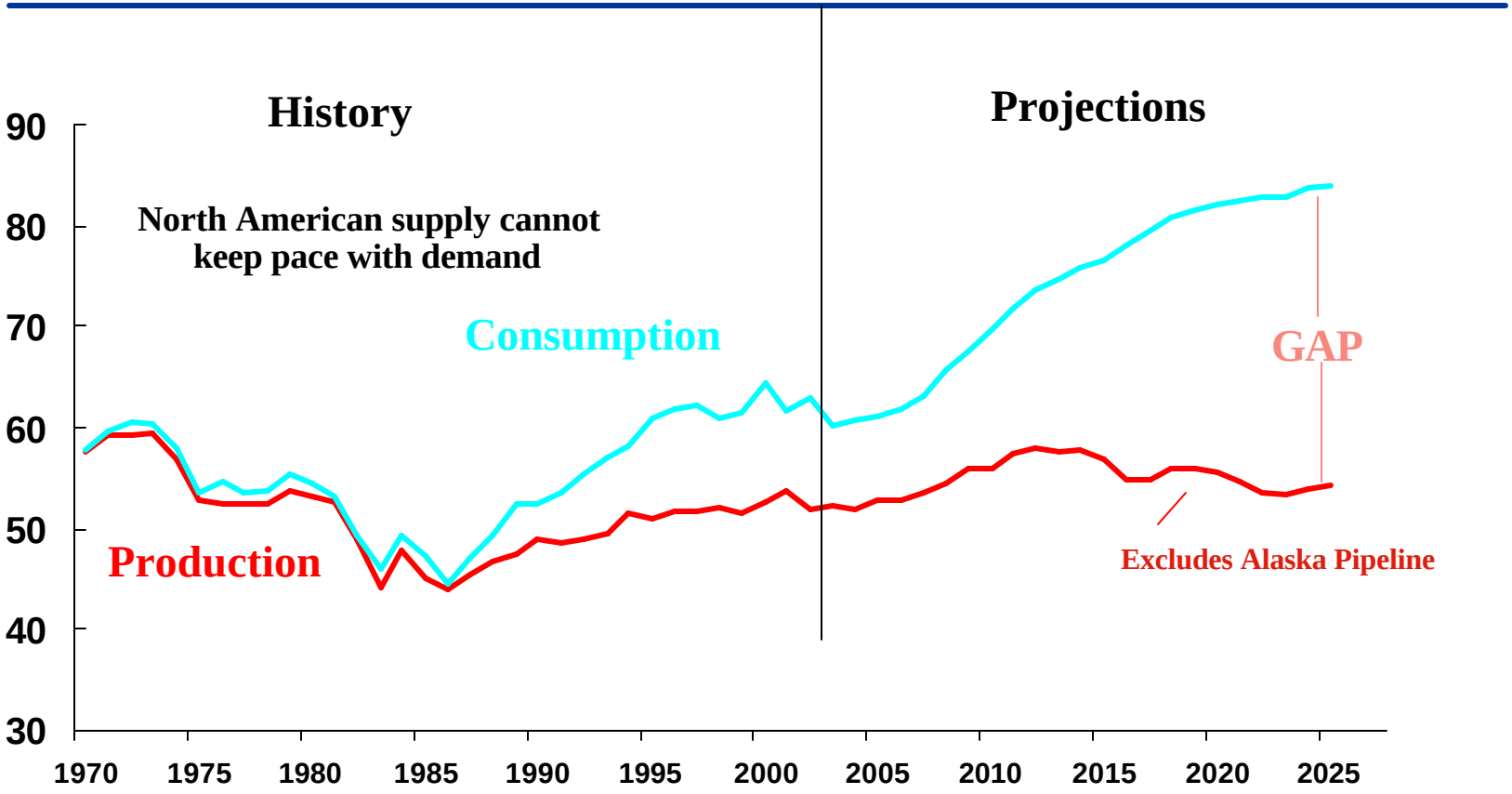
Natural gas -- meeting the demand challenge
U.S. 1970 - 2025 (billion cubic feet / day)



* All domestic gas sources plus additional LNG imports are essential to meet America's growing natural gas needs

* 1 BCF = enough to supply 4.3 million homes each day

Source: EIA - Annual Energy Outlook 2005

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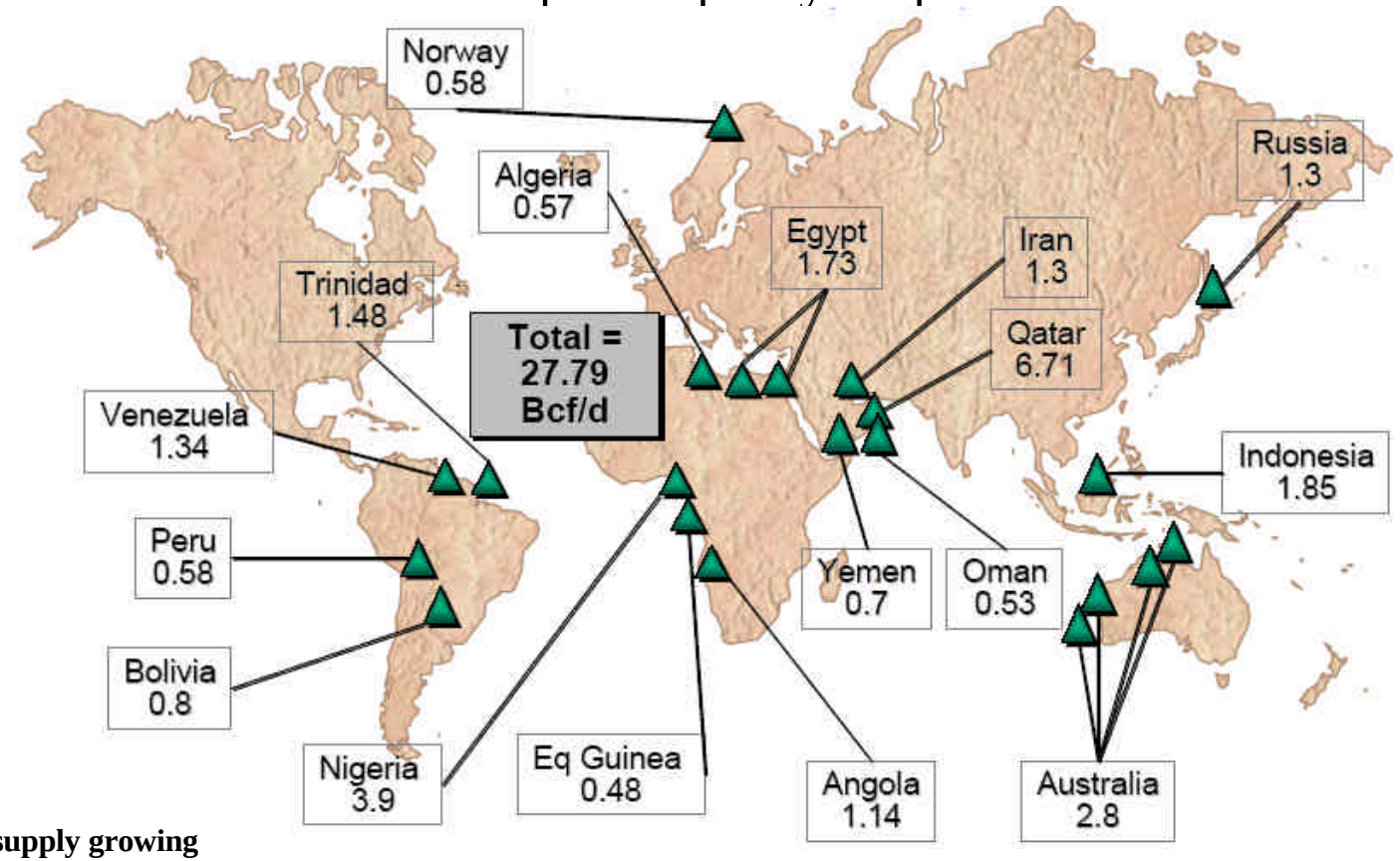
LNG -- diverse global supplies

New Global LNG Export Capacity Proposed or Under Construction



Source: EIA

* LNG supply growing
  * Geographically diverse supply sources
    * Long-term LNG supply outlook robust

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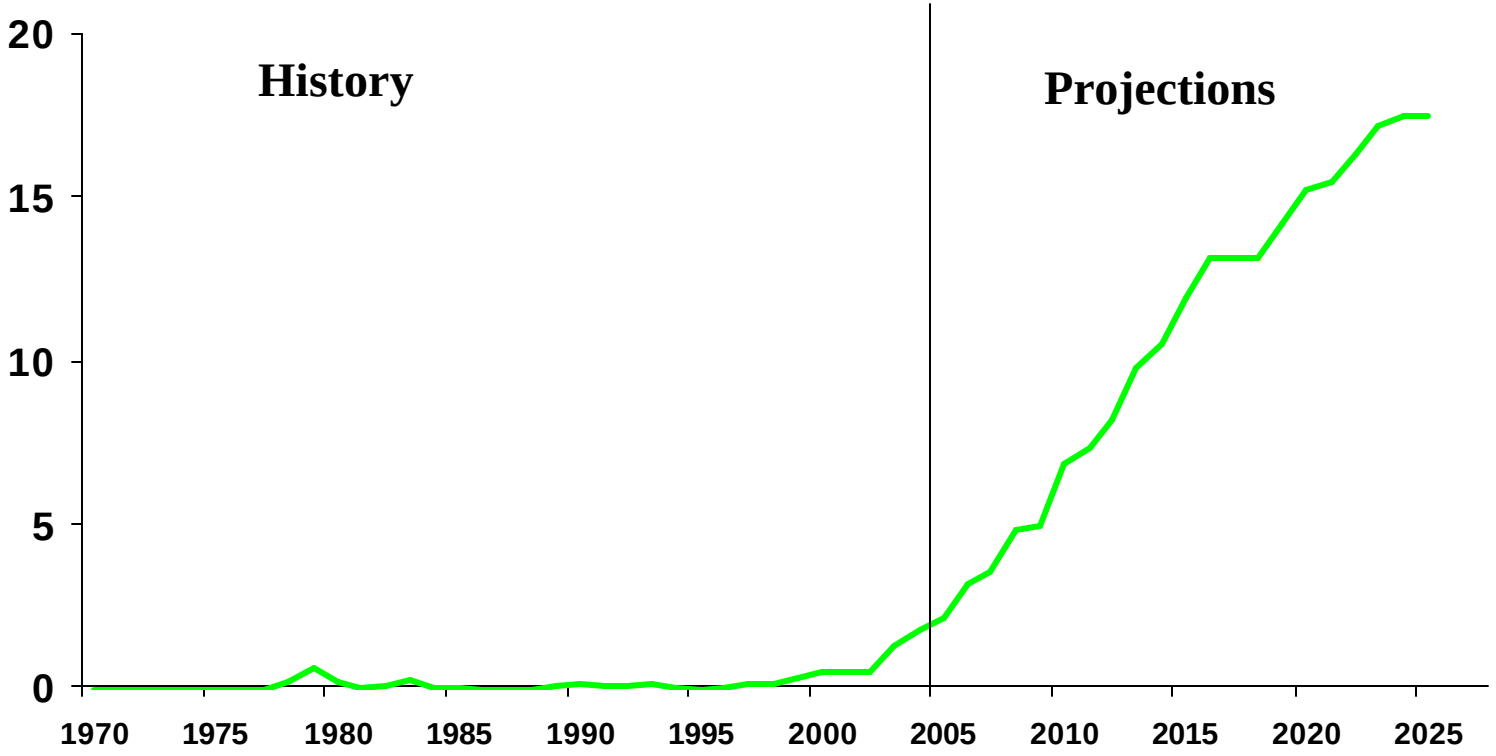
Growing U.S. LNG imports

Net U.S. Imports of Liquefied Natural Gas, 1970-2025
(billion cubic feet per day)



Source: EIA - Annual Energy Outlook 2005

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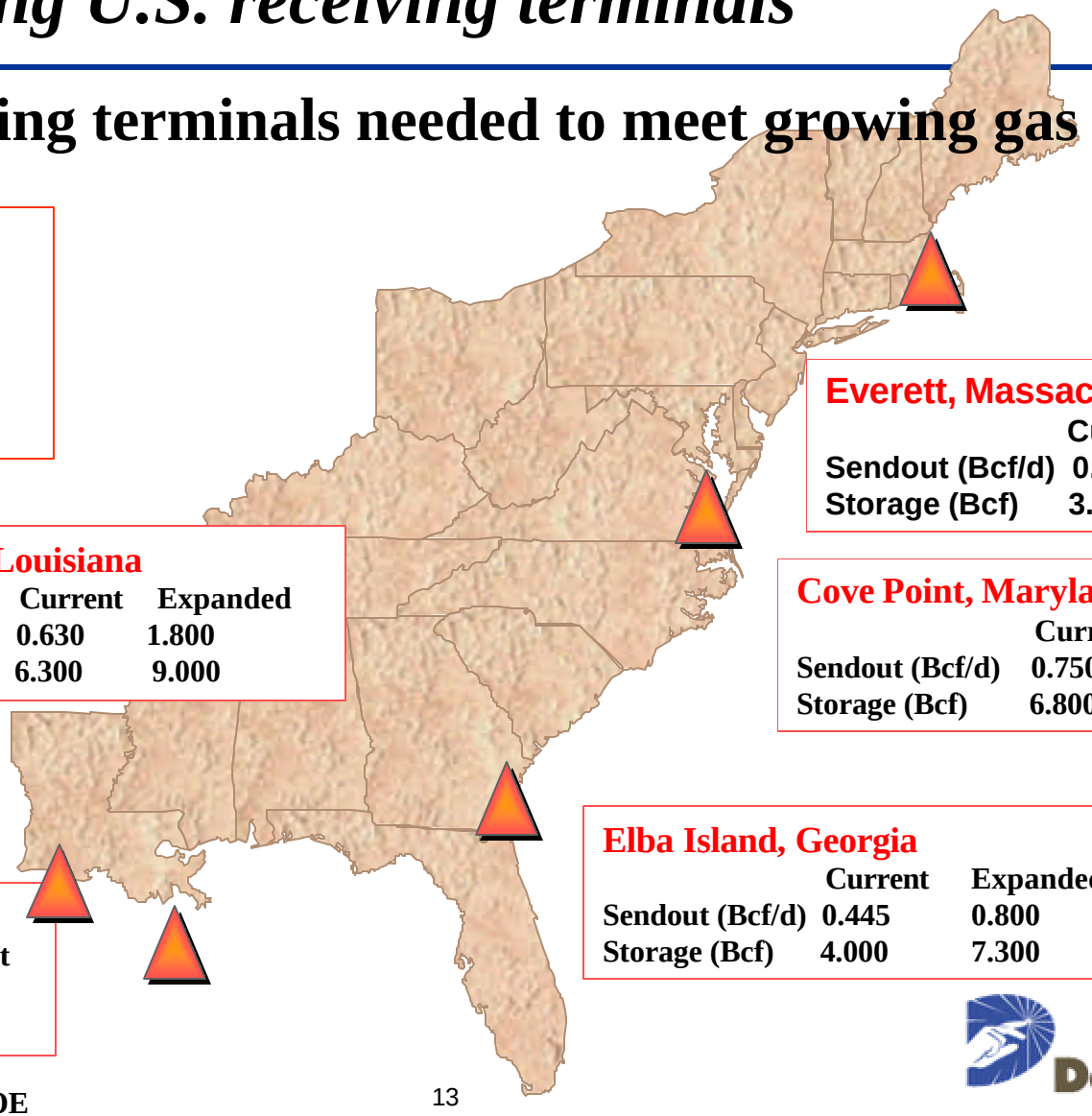
Existing U.S. receiving terminals

More receiving terminals needed to meet growing gas demand

Total U.S. LNG receiving capacity (2005): 2.76 Bcf/d



Everett, Massachusetts

	Current	Expanded
Sendout (Bcf/d)	0.535	0.715
Storage (Bcf)	3.300	3.500

Lake Charles, Louisiana

	Current	Expanded
Sendout (Bcf/d)	0.630	1.800
Storage (Bcf)	6.300	9.000

Cove Point, Maryland

	Current	Expanded
Sendout (Bcf/d)	0.750	1.500
Storage (Bcf)	6.800	7.800

Elba Island, Georgia

	Current	Expanded
Sendout (Bcf/d)	0.445	0.800
Storage (Bcf)	4.000	7.300

WC 603, Offshore, La.

	Current
Sendout (Bcf/d)	0.400
No storage	

Source: DOE

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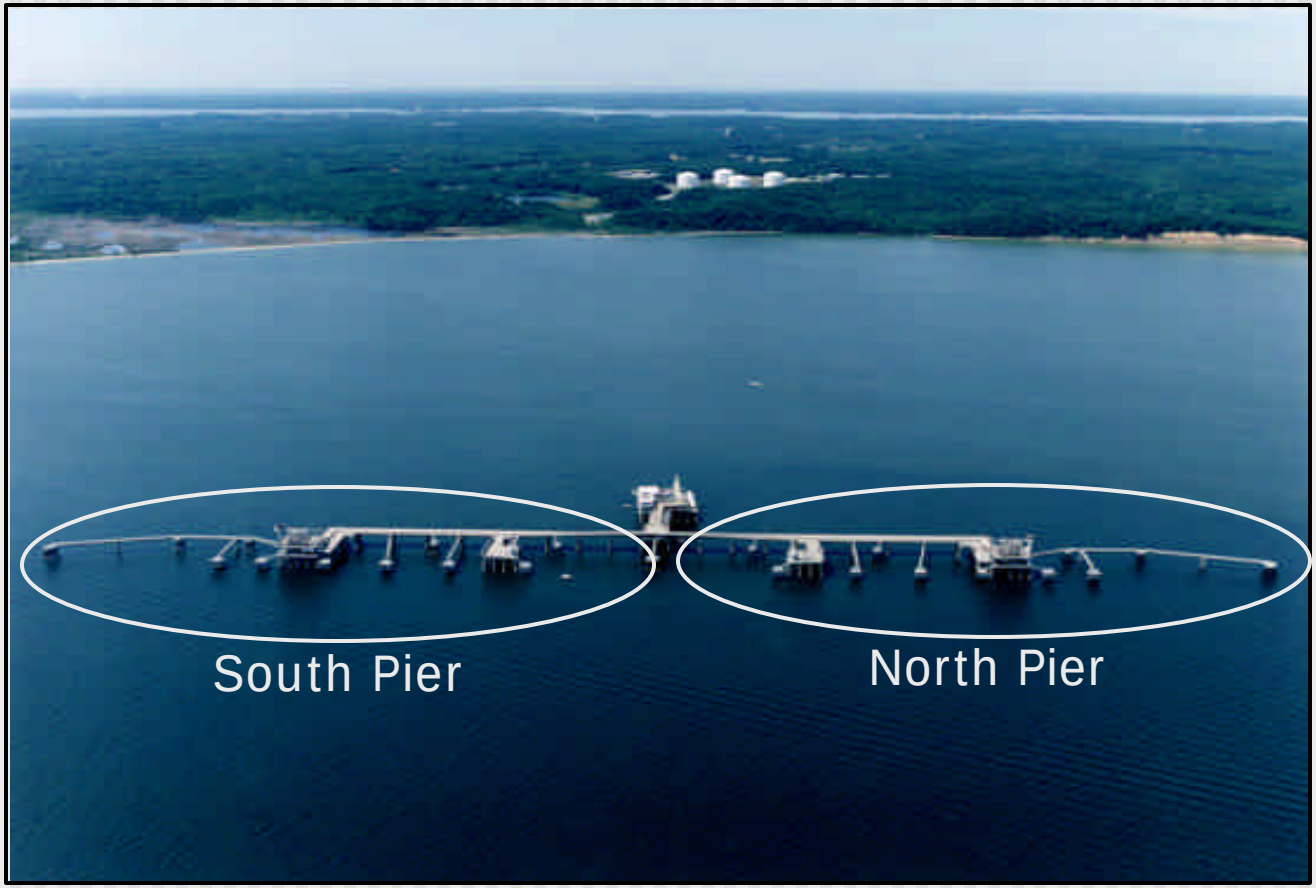
Cove Point LNG Terminal



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Fernando Tapias

Typically ships are unloaded in 12-20 hours

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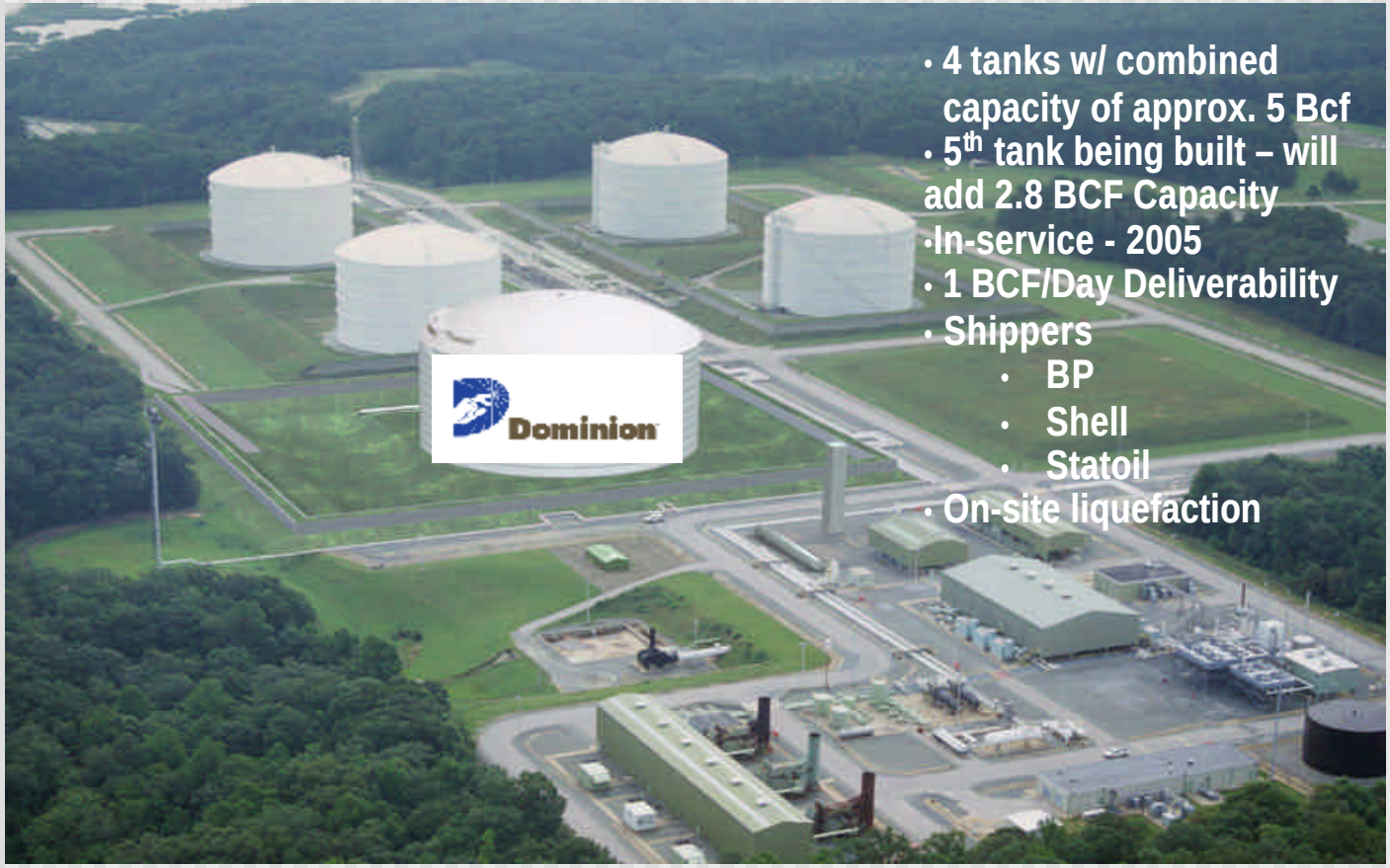
Cove Point LNG



- 4 tanks w/ combined capacity of approx. 5 Bcf
- 5th tank being built – will add 2.8 BCF Capacity
- In-service - 2005
- 1 BCF/Day Deliverability
- Shippers
  - BP
  - Shell
  - Statoil
- On-site liquefaction

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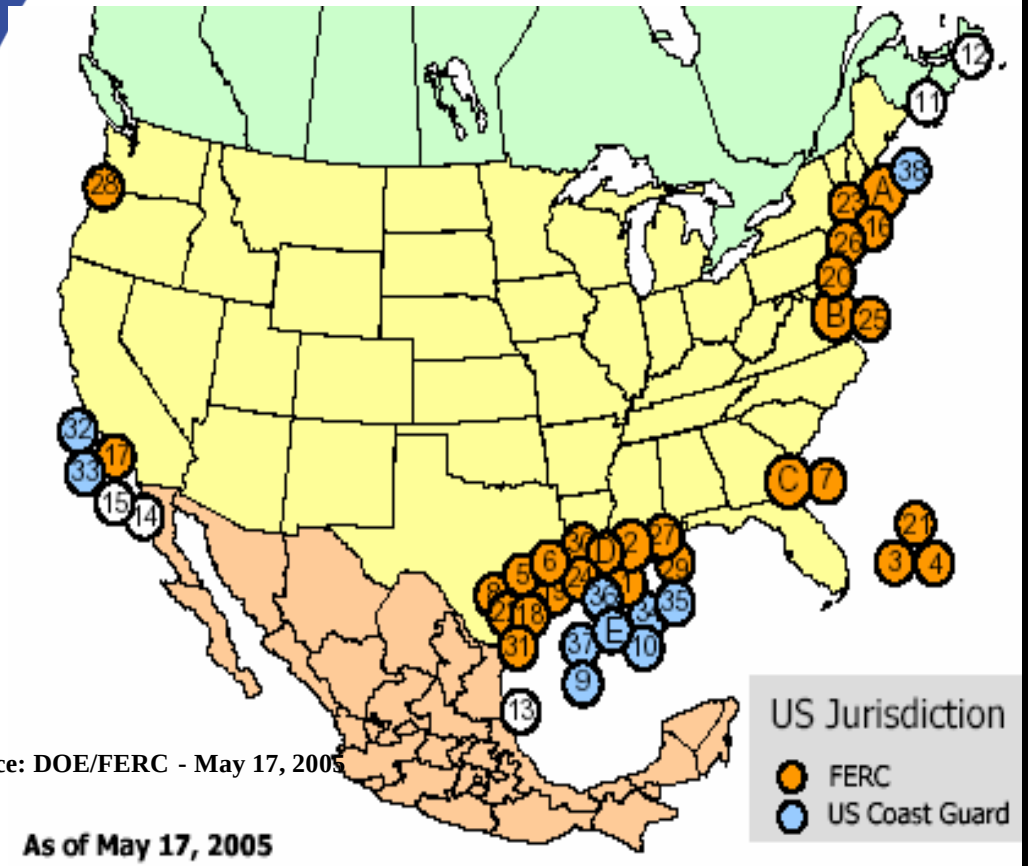
North America LNG Terminal Status -- May 2005



Source: DOE/FERC - May 17, 2005

Constructed
A. Everett, MA : 1.035 Bcfd (Tractebel - DOMAC)
B. Cove Point, MD : 1.0 Bcfd (Dominion - Cove Point LNG)
C. Elba Island, GA : 0.68 Bcfd (El Paso - Southern LNG)
D. Lake Charles, LA : 1.0 Bcfd (Southern Union - Trunkline LNG)
E. Gulf of Mexico: 0.5 Bcfd (Gulf Gateway Energy Bridge, Excelerate Energy)

Expansions Approved by FERC
1. Lake Charles, LA: 1.1 Bcfd (Southern Union - Trunkline LNG)
7. Elba Island, GA: 0.54 Bcfd (El Paso - Southern LNG)

Pipelines from Bahamas approved by FERC
3. Bahamas : 0.84 Bcfd, (AES Ocean Express)*
4. Bahamas : 0.83 Bcfd, (Calypso Tractebel)*

New LNG Terminals approved by FERC
2. Hackberry, LA : 1.5 Bcfd, (Sempra Energy)
5. Freeport, TX : 1.5 Bcfd, (Cheniere/Freeport LNG Dev.)
6. Sabine, LA : 2.6 Bcfd (Cheniere LNG)
8. Corpus Christi, Tx: 2.6 Bcfd (Cheiniere LNG)

New Offshore LNG Terminals Approved by MARAD/Coast Guard
8. Port Pelican: 1.6 Bcfd, (Chevron Texaco
10. Louisiana Offshore: 1.0 Bcfd (Gulf Landing Shell)

Application filed with FERC #16 - 31 22

Application file with MARAD/Coast Guard #32-38

Canadian Approved**
11. St. John, NB : 1.0 Bcfd, (Canaport - Irving Oil)**
12. Point Tupper, NS 1.0 Bcf/d (Bear Head LNG - Anadarko)**

Mexican Approved**
13. Altamira, Tamulipas : 1.12 Bcfd, (Shell)**
14. Baja California, MX : 1.0 Bcfd, (Sempra & Shell)**
15. Baja California - Offshore : 1.4 Bcfd, (Chevron Texaco)**

Market will determine how many will be built, but 7-9 new receiving terminals are expected by 2025 (NPC)

** US pipeline approved; LNG terminal pending in Bahamas*
*** These projects have been approved by the Mexican and Canadian authorities*

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Siting LNG terminals

Requirements

LNG receiving terminals need:

- Federal, state and local support
- Adequate market
- Deepwater accessibility & harbor facility
- Existing pipeline network

Issues

Public perception

Safety & security

Investment costs

Long lead times (5-7 years)

Permitting

- NEPA, CWA, CAA, CZMA, dredging

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LNG project permitting

Rigorous 12-18 month process

- FERC lead for onshore terminals
- USCG lead for offshore terminals

NEPA Environmental Impact Statement drives project

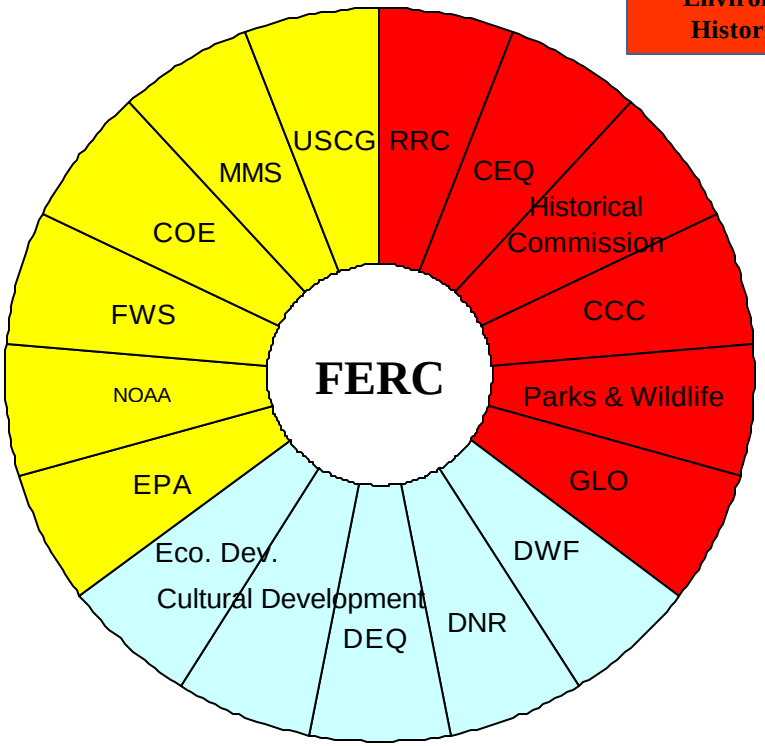
- Collaboration with state and federal agencies
- Multiple opportunities for public input and community meetings

13 resource reports required for terminal; 12 more for associated pipelines

- Engineering design
- Impacts on fish, wildlife, vegetation
- Air and water quality and water usage
- Terminal and ship safety and security
- Impact on cultural resources; socioeconomic effects

Federal Agencies
FERC, Coast Guard, MMS, etc.

State Agencies
Public Utility Commission, General Land Office, Environmental Agencies, Historical Agencies, etc.



Wheel shows 18 primary agencies for a terminal project in Texas with pipeline extending into Louisiana

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EPACT of 2005

* Clarifies FERC Exclusive Siting Authority

* Requires Pre-filing Process

* FERC as Lead Agency - Set Schedule

* FERC to Hold Three LNG Forums

* FERC MOU With Secretary of Defense

* New State Role in Safety Inspections

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